

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;
Robert G. Taub, Vice Chairman;
Mark Acton; and
Nanci E. Langley

Competitive Product Prices
Inbound International Expedited Services 2
(MC2009-10)

Docket No. CP2013-77

ORDER GRANTING MOTION FOR RECONSIDERATION
OF ORDER NO. 1822

(Issued October 30, 2013)

I. INTRODUCTION

The Postal Service filed a motion seeking reconsideration of the requirement that it file any bilateral Tier 1b agreements it enters into with the Commission pursuant to 39 C.F.R. part 3015.¹ For the reasons discussed below, the Commission grants the Motion.

¹ Motion for Reconsideration of Order No. 1822, September 19, 2013 (Motion).

II. BACKGROUND

On August 15, 2013, the Postal Service transmitted its annual notice of changes in rates not of general applicability for the Inbound EMS 2 product.² The Notice also proposed several classification changes, including a realignment of the existing price tiers, Tier 1 and Tier 2, for inbound Express Mail Service (EMS) items. Notice at 3, 6. Under the proposed realignment, Tier 1 is divided into Tier 1a and Tier 1b. Tier 1a prices are available to EMS Cooperative members that participate in the Cooperative's Pay-for-Performance Plan. *Id.* Attachment 6 at 3. Tier 1b offers a range of discounts from Tier 1a prices to any EMS Cooperative member that participates in the Pay-for-Performance Plan and agrees to grant a reciprocal discount from the charges for delivery of U.S.-origin EMS items in the territory served by such a member. *Id.* Attachment 6 at 4. The Postal Service proposed to list the countries accessing the prices in both Tier 1a and Tier 1b, as well as Tier 2, in its quarterly updates. Notice at 6. These quarterly updates would be filed in the instant docket, instead of earlier dockets in which the Postal Service previously filed such updates. *Id.*

In Order No. 1822, the Commission approved the Postal Service's proposed changes in rates and classification.³ With respect to any agreements or other arrangements offering reciprocal discounts in exchange for Tier 1b prices, Ordering Paragraph No. 5 directed the Postal Service to "file such agreements with the Commission pursuant to 39 C.F.R. part 3015."⁴

On September 19, 2013, the Postal Service filed a motion requesting reconsideration of Order No. 1822. Motion at 1. In its Motion, the Postal Service further explains that the introduction of Tier 1b was designed "to improve its efficiency and reduce its expenses associated with the regulatory process." *Id.* at 3. For these

² Notice of the United States Postal Service of Filing Changes in Rates Not of General Applicability and Changes to Product Description for Inbound EMS 2, August 15, 2013 (Notice).

³ Order Approving Rate and Classification Changes for Inbound International Expedited Services 2, August 30, 2013 (Order No. 1822).

⁴ *Id.* at 7; *see id.* at 6, n.10.

reasons, the Postal Service proposed to use the quarterly updates to inform the Commission of any agreements to offer discounted Tier 1b prices. *Id.* It stated that the routine filing of agreements pursuant to 39 U.S.C. § 407(b) would permit the Commission to review the specific agreements. *Id.* As a result, the Postal Service requests that the Commission modify Order No. 1822 so that notification of reciprocally discounted EMS prices would be provided through the quarterly updates. *Id.* at 4.

III. COMMISSION ANALYSIS

The Postal Service proposes to provide notice of all Tier 1b discounts in its quarterly updates to the Commission. The Postal Service states that “[t]his process would acknowledge that the implemented rates fell within the approved rates established for Inbound EMS 2.” Motion at 3. Under the circumstances, that process is an acceptable alternative to requiring the Postal Service to file any such reciprocal agreements with the Commission pursuant to 39 C.F.R. part 3015. Accordingly, the Motion is granted.

In each quarterly update filed subsequent to the issuance of this Order, the Postal Service shall file with the Commission the list of countries for which the Postal Service agrees to provide reciprocal discounts under Tier 1b, as well as the list of countries eligible for Tier 1a and Tier 2 prices. Also, it shall identify the date on which any changes occur in the tiers, as directed by Order No. 162.⁵ If there have been no changes to the list of countries in Tier 1a, Tier 1b, or Tier 2 during a quarterly reporting period, the Postal Service shall file an update so indicating. See United States Postal Service Quarterly Update in Response to Order No. 1822, September 23, 2013 for an acceptable approach.

Further clarification of reporting practices. On occasion, prior quarterly reports have been somewhat unclear. To eliminate this problem in future reports, the Postal

⁵ Docket Nos. MC2009-10 and CP2009-12, Order Adding Inbound International Expedited Services 2 to Competitive Product List, December 31, 2008, at 9 (Order No 162).

Service shall file all changes to the list of countries in each tier in the quarterly update in legislative format to identify inter-tier transfers, additions, and deletions. In addition, it shall use each quarterly update to identify other relevant changes, e.g., such as a change in the name of a participating country (or administration, if more appropriate in a particular instance). To the extent that the Postal Service uses an asterisk or other marking unrelated to an addition, deletion, or transfer, the Postal Service is to provide an explanation of the significance of the asterisk or marking.

It is ordered:

1. The Motion for Reconsideration of Order No. 1822, filed September 19, 2013, is granted.
2. The Postal Service shall file with the Commission quarterly updates as specified in numbered paragraph 4 of Order No. 1822, as further clarified in the body of this Order.

By the Commission.

Shoshana M. Grove
Secretary